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TAGS: [PARM](#) [MTCRE](#) [PREL](#) [ETTC](#) [CH](#) [IR](#) [TW](#)

SUBJECT: (S) PRC URGED TO INVESTIGATE A CHINESE FIRM'S
MISSILE-RELATED TRANSFERS TO IRAN; UPDATE SOUGHT ON PRC
INVESTIGATION OF A SECOND CHINESE FIRM

REF: A. STATE 39100

[B](#). STATE 39690

[C](#). 07 BEIJING 5361

[D](#). 07 BEIJING 7297

[E](#). BEIJING 1050

[F](#). 07 BEIJING 7141

Classified By: Political Section Regional Unit Chief Mark Tesone. Reas
ons 1.4 (b), (c) and (d).

[1](#). (S) PolOff informed MFA Arms Control and Disarmament
Department Missile Division Deputy Director Wang Daxue on
April 16 of recent efforts by the Shanghai Technical
By-Products International Corporation (STBPI) to supply
missile-useable aluminum, steel, wire and integrated circuits
to Iran (ref A). PolOff also asked Wang for an update on the
PRC investigation of a shipment of aluminum plates to Iran by
the Chinese branch of Taiwan's Yuan Sheng Aluminum
Manufacturing Corporation (ref B).

STBPI

[2](#). (S) China will look into STBPI's activities, Wang said,
but will "have difficulty taking action" if the items are not
controlled under Chinese export control laws, nor prohibited
by a UN Security Council resolution. The products supplied
by STBPI could have many civilian uses. Catch-all controls
"are not meant to catch everything," he stated. Wang said he
is uncertain whether Chinese law applies to a Chinese company
that may have violated U.S. export control laws by
re-exporting integrated circuits to Iran. The MFA will have
to examine that issue further, he said.

[3](#). (S) PolOff stressed to Wang that all of the items STBPI is
supplying to Iran are useable in ballistic missiles. This
should raise serious concerns with China, particularly given
the purchasers' association with Iran's missile program.
Reminding Wang that he had recently told PolOff that China's
catch-all controls apply to "sensitive items being shipped to
sensitive destinations," PolOff pointed out that Wang's
comment accurately describes STBPI's activities and should
thus trigger China's catch-all controls.

Yuan Sheng Aluminum

[4](#). (S) Wang did not have information to share on the Yuan
Sheng Manufacturing Corporation, saying only that "several
cases are still under review." (Note: The U.S.-China plan to
enhance nonproliferation cooperation calls for a regular
review of open proliferation cases (ref C and D). Yuan Sheng
Manufacturing is on a list of open cases that we provided to
the MFA in November and March (ref E and F). Wang said the
MFA has been working hard on the list and envisions holding
our first review before June.)

RANDT

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